

Regulation
No. 37-3-22

2 January 2003

Financial Administration
CARRYOVER SUPERVISION AND ADMINISTRATION (S&A)

1. Purpose. This regulation promulgates policy and procedures by which U.S. Army Corps of Engineers (USACE) activities will perform some reimbursable work under the "Carryover S&A Authority". This authority is sanctioned under the annual Department of Defense (DoD) Appropriations Act.

2. Applicability. This regulation applies to all HQUSACE elements and USACE commands.

3. Distribution. Approved for public release; distribution is unlimited. Commanders are encouraged to provide copies of this regulation to their customers. Click onto the USACE homepage at <http://www.usace.army.mil/inet/usace-docs/eng-regulations/er-rm.html>.

4. References.

- a. DoD Appropriation Act
- b. Economy Act (31 U.S. Code 1535)
- c. Army Regulation 420-10
- d. ER 415-1-16, Fiscal Management

5. Background. Since FY 97, the DoD Appropriation Act has contained specific authorization such as: *"Funds appropriated in title II of this Act and for the Defense Health Program in title VI of this Act for supervision and administration costs for facilities maintenance and repair, minor construction, or design projects may be obligated at the time the reimbursable order is accepted by the performing activity: Provided, that for the purpose of this section, supervision and administration costs includes all in-house government costs."* This section, commonly called "Carryover S&A authority," has been a recurring feature of the Defense appropriation acts. The Defense Health Program appropriation has been added to those listed in title II. The pertinent authorities for the past fiscal years are listed in the previous DoD Appropriation Acts and can be found on the Internet at <http://thomas.loc.gov/home/approp/appover.html>.

This regulation supercedes EC 37-3-1, dated 30 January 2002.

6. Policy. It is USACE policy that upon the receipt of the reimbursable order, the full estimated amount of in-house costs to be incurred over the life of the reimbursable order be certified for obligation to insure these funds are identified as eligible for carryover. In-house costs include: performance of design by in-house forces; preparation of Request for Proposals for design-build, design-bid-build, or other construction procurement methods; supervision and review of A-E design; supervision and administration of construction through warranty. Funds not certified for carryover will be returned to the customer. The benefits of having this carryover authority are apparent: commanders are not placed in a position at the start of a fiscal year of incurring in-house costs without the customer's funds; and, customers do not need new obligation authority at the start of a fiscal year for those projects which began in a previous year. Therefore the intent of this policy is to assure that estimated supervision, administration and other in-house costs assigned against a reimbursable order could be retained by the performing activity regardless of crossing fiscal years. Current higher headquarters policy does not permit carryover funds certified for obligation to be reported for an expired appropriation and requires all unobligated funds of expiring appropriations to be returned to the customer before fiscal year end. Until policy permits carryover funds certified for obligation to be reported, funds will be carried over based on the procedures outlined in Appendix A of this regulation.

7. Limitations. The authority granted in paragraph 5 of this regulation shall only be exercised in situations where **all** of the following conditions are met:

a. The order is being issued and accepted under the terms of the Economy Act (31 USC 1535).

b. The amount of funds on the order is sufficient to cover all estimated costs - contract, in-house and contingencies - necessary to complete the work ordered.

c. The customer (ordering activity) is citing one of the following current fiscal year appropriations. Unless otherwise noted, the cited appropriation expires for new obligation purposes at the end of the current fiscal year.

Operation and Maintenance, Army
Operation and Maintenance, Navy
Operation and Maintenance, Marine Corps

Operation and Maintenance, Air Force
Operation and Maintenance, Defense-Wide
Operation and Maintenance, Army Reserve
Operation and Maintenance, Navy Reserve
Operation and Maintenance, Marine Corps Reserve
Operation and Maintenance, Air Force Reserve
Operation and Maintenance, Army National Guard
Operation and Maintenance, Air National Guard
U.S. Court of Appeals for the Armed Forces
Overseas Humanitarian, Disaster, and Civic Aid (expires
after two fiscal years)
Former Soviet Union Threat Reduction (expires after two
fiscal years)
Quality of Life Enhancements, Defense (expires after one
fiscal year)
Defense Health Program (some portions expire after one
fiscal year, while others expire two or three fiscal years)

d. The scope of the order is limited to design and/or construction of real property facilities, including the maintenance and repair thereof, and the performing USACE command intends to perform design in-house or contract out that design, construction or maintenance and repair to private sector firms. The definitions for these purposes are contained in AR 420-10.

8. Reimbursable Order - Accepting Activity. Upon acceptance of a reimbursable order that complies with the above criteria, commanders will:

a. Annotate the customer copy of the order with the following statement: "This order is accepted under the provisions of 31 USC 1535 and the authority cited in DoD Appropriation Act."

b. Not later than the start of in-house design or award date of the design or construction contract, the full estimated amount of in-house costs to be incurred over the life of the reimbursable order will be certified for obligation. The amounts certified will be adjusted as required to reflect new or refined estimates. The certified amount shall remain open until the completion or termination of the order, even if that date occurs beyond of the current fiscal year-end.

c. Further guidance pertaining to the mechanics of establishing the customer order in CEFMS is contained in the Appendix A of this regulation.

9. Additional Guidance.

a. This authority cannot be used for reimbursable orders for studies, investigations, real estate actions, or for any other non-facilities work.

b. Although the various environmental restoration appropriations and the overseas contingency operations transfer fund are included in title II, they are not listed in paragraph 7c above because these appropriations are transferred to and merged with other Department of Defense appropriations, normally those relating to operation and maintenance. Thus this authority does apply to installations' O&M-funded orders for facilities maintenance and repair, minor construction and design projects to satisfy their needs for environmental compliance, conservation, pollution prevention and overseas contingency operations as long as it may be classified as facilities maintenance and repair, minor construction, or design. However, the environmental restoration work under the DoD Appropriation Act cannot be used for remedial investigation/feasibility studies (RI/FS) as they may not be classified as facilities maintenance and repair, minor construction or design.

c. This regulation discusses only those reimbursable orders and amendments thereto that cite the appropriations in paragraph 7c above. In the event that the authorization language contained in the DoD Appropriation Act gets modified or deleted, then supplemental guidance will be issued immediately by CERM-BA.

d. For only the appropriations shown in paragraph 7c above that expire for new obligation purposes at the end of the fiscal year, the amount of funds in the order that are not certified for obligation before and by fiscal year-end should be returned to the customer (ordering agency) by the performing activity as soon as the performing activity realizes that the funds will not be used. Funds for contingencies or uncertified contract changes **cannot** be carried over using this authority.

e. For orders still open after fiscal year-end, any amendments to those orders for upward, in-scope contract or in-house price adjustments must be funded with the same fiscal year funds cited on the basic order.

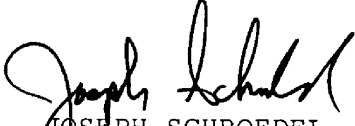
f. Any Economy Act order that meets the above criteria and was accepted at the beginning of the fiscal year of the order being received will be amended as necessary in order to comply with this regulation.

g. As far as the receiving (performing) activity is concerned, it is immaterial whether the order is from a USACE or non-USACE activity. A USACE activity that brokers a customer order to another USACE activity will do so **only** during the same fiscal year that the original customer order from outside USACE is received. Additionally, enough time will be allowed before the end of the fiscal year for the performing USACE activity to establish the work item in CEFMS.

10. Questions or requests for waivers to this policy will be directed through MSC commanders to HQUSACE (CERM-BA).

FOR THE COMMANDER:

1 APPENDIX
App A - CEFMS
Identification Codes


JOSEPH SCHROEDEL
Colonel, Corps of Engineers
Chief of Staff

APPENDIX A

S&A Carryover Identification in CEFMS

A-1. CEFMS programming (Work Packet 9319 - Problem Report 7210RJR01) to implement carryover was released 15 August 1997. The programming includes a Headquarters Data Manager table (Screen 10.COVR) identifying the appropriations to which carryover applies. Additionally, a carryover indicator has been added to the customer order source appropriation screen (2.13.6). The person recording a carryover customer order source appropriation will be required to identify whether carryover applies by placing a 'Y' or 'N' in the indicator. If the source is a non-carryover appropriation the new field cannot be populated. A help screen summarizing the carryover guidance is available off the new carryover indicator. The customer order-accepting officer is advised in the acceptance process when a customer order amendment is being accepted under carryover provisions (i.e. includes a line item with a carryover indicator of 'Y') and the hard copy customer order acceptance identifies the customer order line item(s) accepted under carryover provisions. The carryover indicator has also been added to the customer order item modification screen (COIJNL) to permit existing customer order line items to be identified for carryover.

A-2. Year-end programs record an obligation for in-house carryover amounts certified for obligation (Method of Accomplishment 'I1' and 'I2') and report them accordingly. These obligation transactions are reversed after year-end and the amounts are carried over for execution.

A-3. The following reports have also been developed to aid in identifying customer orders to which carryover can apply or has been applied. These reports are accessed through the 'Other Reports' area of the Report Selection Menu.

<u>Report Title</u>	<u>Report ID</u>
Expiring Open Commitments Marked To Be Carried Over	yeyesco
Expiring Open Commitments Marked Not To Be Carried Over	yenoco
Expiring Open Commitments Available To Be Carried Over	yeavalco
Expiring Carryover Uncommitted Amounts	yefundco
Expiring Carryover Orders to be Returned	yeexpco